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# **NASA Procedural Requirements**

**NPR 9060.1A**

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**COMPLIANCE IS MANDATORY FOR NASA EMPLOYEES**

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## **Accrual Accounting - Revenues, Expenses, and Program Costs**

**Responsible Office: Office of the Chief Financial Officer**

## **Table of Contents**

### **Preface**

- P.1 P.1 Purpose
- P.2 Applicability
- P.3 Authority
- P.4 Applicable Documents and Forms
- P.5 Measurement/Verification
- P.6 Cancellation

### **Chapter 1. Accounting on an Accrual Basis**

- 1.1 Overview
- 1.2 Roles and Responsibilities
- 1.3 General Requirements
- 1.4 Accruals
- 1.5 Documentation

### **Chapter 2. Accrued Expenses and Program Costs**

- 2.1 Purpose
- 2.2 Roles and Responsibilities
- 2.3 Agency Requirements

### **Chapter 3. Accrued Revenues**

- 3.1 Purpose
- 3.2 Roles and Responsibilities

3.3 Agency Requirements

3.4 Revenue Recognition, Types, and Sources.

**Appendix A. Definitions**

**Appendix B. Acronyms**

**Appendix C. Cost Recognition Guidance**

**Appendix D. Procurement Instrument, Description, and Accrual Recognition**

**Appendix E. Reference Documents**

# Preface

## P.1 Purpose

This NASA Procedural Requirements (NPR) document sets forth principles, requirements, and techniques for NASA accounting on an accrual basis, whereby financial transactions are recorded in the period of occurrence, even though related cash is disbursed or collected during another period. Use of the accrual method provides NASA management with financial data related to performance so that informed decisions may be made.

## P.2 Applicability

- a. This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers.
- b. In this directive, all mandatory actions (i.e., requirements) are denoted by statements containing the term "shall." The terms: "may" or "can" denote discretionary privilege or permission, "should" denotes a good practice and is recommended, but not required, "will" denotes expected outcome, and "are/is" denotes descriptive material.
- c. In this directive, all document citations are assumed to be the latest version, unless otherwise noted.

## P.3 Authority

- a. The Chief Financial Officers Act of 1990, 31 United States Code (U.S.C.) § 902.
- b. The National Aeronautics and Space Act, as amended, 51 U.S.C. § 20113(a).
- c. NASA Policy Directive (NPD) 9010.2, Financial Management.

## P.4 Applicable Documents and Forms

- a. Accounting and Auditing Act of 1950, Subsections 112(b) and 113 (b), as amended, 31 U.S.C. § 3512(e).
- b. Statement of Federal Financial Accounting Standards (SFFAS) 4, Managerial Cost Accounting Standards and Concepts.
- c. SFFAS 5, Accounting for Liabilities of the Federal Government.
- d. SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting.
- e. SFFAS 30, Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts.
- f. NASA Federal Acquisition Regulation Supplement (NFS) 1842.7201, NASA Contractor

Financial Management Reporting, General.

g. NPD 9501.1, NASA Contractor Financial Management Reporting System.

h. NPR 9050.3, The Anti-deficiency Act.

i. NPR 9090.1, Reimbursable Agreements.

j. NPR 9250.1, Property, Plant, and Equipment and Operating Materials and Supplies.

k. NPR 9260.1, Liabilities.

l. NPR 9470.1, Budget Execution.

m. NPR 9501.2, NASA Contractor Financial Management Reporting.

n. NPR 9690.1, Investments.

o. Principles of Federal Appropriations Law (Red Book).

p. NASA Records Retention Schedules (NRRS) 1441.01.

## **P.5 Measurement/Verification**

Quality assurance reviews and analysis of financial and budgetary reports and data submitted through the Continuous Monitoring Program (CMP) will be used to measure compliance with this NPR.

## **P.6 Cancellation**

NPR 9060.1, Cost Accruals, dated September 30, 2008.

# Chapter 1. Accounting on an Accrual Basis

## 1.1 Overview

1.1.1 This NPR directs NASA personnel to present resources, liabilities, cost of operations, and revenue on an accrual basis in order to provide the information needed to develop NASA's budget and financial reports and effectively manage programs and projects. Accrual-based accounting for all Federal Government agencies was mandated as law by 31 U.S.C. § 3512(e). All subsequent regulatory and administrative guidance from the Government Accountability Office (GAO) to the U. S. Department of the Treasury (Treasury) has specifically required the use of accrual basis accounting principles.

1.1.2 Use of accrual accounting enables NASA's management to prepare a cost-based budget and to more accurately measure the Agency's performance and financial position using the financial data available. Although accrual-based financial data is more accurate, a balance should be maintained between the effort (amount of data, labor, or other resources) required to measure accruals precisely and the added value of such precision. The level of detail attained should not exceed what is actively monitored for project management, useful in decision making, or required for billing or reporting.

## 1.2 Roles and Responsibilities

1.2.1 The Agency Deputy Chief Financial Officer (DCFO) for Finance shall:

- a. Establish policy requirements for recording accruals of cost and revenue and preparing accrual-based financial statements.
- b. Review monthly consolidated accrual entries and methodology to determine that a reasonable representation of cost incurred and revenues earned is recorded.
- c. Oversee the implementation of accrual accounting requirements within the core financial management system.
- d. Conduct periodic and systemic reviews of Center accounting and reporting practices to ensure accruals of cost and revenue are recorded and reported in accordance with the authorities and policy presented.

1.2.2 The Center DCFO for Finance shall:

- a. Record and report cost accruals in accordance with the authorities and policy presented.
- b. Implement Center procedures to ensure accurate and reliable accruals.
- c. Review and approve valid accruals developed by personnel outside the Center Office of the Chief Financial Officer (OCFO), such as resources personnel, for reliability prior to entry into the core financial system.
- d. Review monthly accrual entries to ensure that a reasonable representation of cost incurred and revenues earned is recorded. The review of contractor financial management reports includes a variance analysis and timeliness of report submission.

e. Respond to questions related to accrual amounts and methodology upon request.

1.2.3 Resource Analysts and OCFO Personnel closely associated with programs and projects shall be responsible for coordinating with the cost analysts to:

a. Provide funding when and where needed to address the planned use of resources, the incurrence of cost, and the payment of invoices.

b. Review accruals in a timely manner to ensure amounts recorded represent a reasonable estimate of the goods and services received or revenue earned for the reporting period.

1.2.4 Center OCFO personnel (e.g., Cost Analysts and Accountants) shall:

a. Coordinate with program and project resource analysts to perform the following:

(1) Review project accruals to ensure amounts recorded in the core financial system represent reasonable estimates of the goods and services received or revenue earned for the reporting period.

(2) Review project accruals reported to external regulatory agencies, or other entities, to ensure they represent goods or services received or revenue earned for the reporting period.

(3) Record receipt of funding when and where needed to address the planned use of resources, incurrence of cost, and the payment of invoices.

(4) Notify the Contracting Officer when actual billing rates are consistently and/or significantly different from provisional indirect cost billings to consider whether provisional billing rates need adjustment.

b. Perform their functions in compliance with Section 1.2.2 above.

c. Promptly notify the Contracting Officer or Contracting Officer's Representative when there is knowledge of cost claimed in the absence of work performed or goods received.

d. Ensure accrued amounts contained in financial reports are recognized and reported in accordance with the authorities and policy presented.

1.2.5 The Contracting Officer and/or the Contracting Officer's Representative shall:

a. Promptly notify the Center OCFO and/or Resource Analyst, when they learn of amounts recorded (or to be recorded) that do not represent a reasonable estimate of goods or services received.

b. Act as point-of-contact for information regarding work performed, services provided, or goods received on contracts, agreements, or orders.

c. Monitor data reported for accuracy and timeliness in accordance with NFS 1842.7201.

1.2.6 The Logistics Office Staff shall:

a. Support the accrual process by promptly notifying the Center OCFO and/or Resource Analyst when aware of work performed or goods received. This support is typically provided when preparing and distributing receiving reports or using automated systems to record and report the receipt of goods on the loading dock.

b. Act as point-of-contact for information regarding goods or shipments received on contracts, agreements, or orders.

### 1.2.7 The Facilities Office Staff shall:

a. Support the accrual process by promptly notifying the Center OCFO, and/or Resource Analyst, when aware of Assets Under Construction or finalized. This support is typically provided when updating automated systems to record and report real property.

## 1.3 General Requirements

1.3.1 NASA shall use the accrual basis of accounting to record all transactions and ensure that:

a. Revenues are recorded when earned; expenses and program costs are recorded when incurred even though the receipt of cash related to the revenue or the payment of cash related to the expense may take place, in whole or part, in another accounting period.

b. NASA complies with generally accepted accounting principles provided by FASAB in SFFAS 4, SFFAS 5, SFFAS 7, and SFFAS 30 when developing accruals. Accrual-based accounting recognizes financial transactions or events as they occur. Transactions are recorded in the appropriate accounts as they occur throughout the month or at each month end.

c. Every practicable effort is made to ensure accruals are as accurate as possible, while keeping in mind the balance between the cost of added precision and the added value received. Special efforts are required at the end of the fiscal year to ensure the accounts reflect complete and accurate data.

d. NASA's quarterly accruals include, but are not limited to, NASA's estimates for expenses incurred from the end of the contractor's accounting period to the end of each quarter to account for work performed but not reflected in contractor cost reports, careful analysis of other contracts and purchase orders for amounts of goods or services usually received or work performed by the end of each quarter and paid in the subsequent quarter, and NASA's reimbursable expenses incurred and revenue earned between NASA's billing cycle and the end of each quarter.

## 1.4 Accruals

1.4.1 Accruals are amounts recorded prior to the payment or collection of cash. Amounts accumulate or accrue when financial events take place. Accruals include amounts incurred or earned for the actual or estimated value of resources used, work performed or expected to be performed, and work-in-process amounts attested to by management through the current fiscal period.

1.4.1.1 Accrual of Actual Amounts. Actual amounts accrued are values given to events that have already occurred within the accounting period and for which the value is known.

1.4.1.2 Accrual of Estimated Amounts. Estimated amounts accrued are values given to events that either: (1) have occurred within the accounting period and for which the value is unknown or (2) have not yet occurred but are expected to occur within the accounting period.

1.4.2 The actual value of events that have taken place in the past or of events that are expected to take place in the future may not be known for various reasons, such as contract reporting that lags by one month, labor hours that have not yet been reported, or until a contract or purchase order has been finalized and closed. This may be due to indirect rates, award fees, or other items finalized via audit, or other methods performed to close a contract, or order.

1.4.3 Preparing an accrual requires professional judgment and Centers shall take into account the nature of the underlying transactions, information collected from the field, data available as of the cutoff date for the accrual, and historical knowledge of the types of transactions for which documentation is not received by the end of the accounting period. Simplified methods for monthly accruals, such as estimates based on previous experience or prior month's reporting may be used when demonstrated to be reasonably reliable. Based on various analyses, the amount of accruals may be determined without sole reliance on the receipt of invoices. These estimated accrual values should be carefully analyzed and compared with subsequently attained actual numbers to ensure that the accrual process is continuously refined to improve accuracy.

1.4.4 Accruals should not produce abnormal general ledger account balances. Centers shall address all abnormal balances identified during CMP activities and ensure that each abnormal balance is corrected or is explained prior to monthly financial statement balance submission to Treasury. Accruals may be adjusted monthly if the value recorded for the work performed within a preceding period changes. This could occur due to estimated values becoming actual values or changes in the amount of work performed among other things. All accruals may be adjusted upon receipt of more accurate information or documentation, at contract closeout, or upon final payment for an order.

## 1.5 Documentation

Centers shall prepare and retain, for reference and audit, documents reflecting computations and support for accruals as well as the analyses of the accuracy of the accruals. The requirement for documentation is also applicable to any actions that may be necessary to support the development of accrual estimates. Records will ultimately be retained as required by NRRS 1441.1.



# Chapter 2. Accrued Expenses and Program Costs

## 2.1 Purpose

2.1.1 This chapter provides requirements for recording accrued costs, also known as expenses. Resources consumed whether paid or unpaid, comprise NASA's cost of doing business. Cost is the monetary value of resources used, resources sacrificed, or liabilities incurred to achieve an objective, such as to acquire or produce a good, perform an activity, or acquire a service. Depending on the nature of the transaction, cost may be charged to operations immediately, i.e., recognized as an expense of the period, or to an asset account for recognition as an expense of subsequent periods. The period's expenses may be classified further into other categories, such as operating expense and program cost. Classification into categories supports the analysis of the efficiency and effectiveness of NASA's business. The operating expenses include the general administrative costs of the Agency while program costs include cost that can be tracked to individual programs.

2.1.2 Cost recognition at NASA also supports internal control of funds. NASA recognizes cost incurred before funds are disbursed to ensure prior to payment that the disbursed costs are within the purpose, time, and amount restrictions of the appropriation account to be charged.

## 2.2 Roles and Responsibilities

NASA is responsible for recognizing and reporting cost in a manner that provides assurance that resources are spent to achieve expected results and outputs, supports the comparison of alternative courses of action and analysis of the efficiency and effectiveness of NASA's business, and recognizes cost in the appropriate time period to ensure reported amounts accurately reflect the results of operations.

*Note: See Chapter 1, Paragraph 1.2 for specific requirements.*

## 2.3 Agency Requirements

2.3.1 NASA shall comply with the following requirements when recording applicable cost transactions.

2.3.1.1 The accrual method of accounting applies to the following costs however classified, deferred, or disposed of: current operating expenses, reimbursable costs, inventory costs, prepaid costs, and fixed asset costs.

2.3.1.2 Record costs within or as close as possible to the period in which they are incurred. Record estimated amounts of cost incurred within a period if the actual value is unknown. The estimated cost amount recorded may be adjusted when the actual value of work performed is determined by confirmation of the amount of resources used by technical personnel, actual cost reported by contractors, performance of contract audit, contract administration services costs, or approval of amounts presented on invoices for payment.

2.3.1.3 NASA shall recognize the constructive receipt of work performed to NASA contract specifications when recording contractor cost. Although formal acceptance of goods or services supports cost entries, it is not the determining factor for accounting recognition when cost is incurred on products that are not commercial items suitable for sale to the public. Estimated cost representing the constructive receipt of this type of work in process or performed may be recorded as of the end of the accounting period as accounts payable.

2.3.1.4 Technical personnel (e.g., Contracting Officer's Representatives, Resource Analysts, Cost Analysts and Accountants, and Project Managers, as provided in section 1.2) shall review, and where needed, develop cost amounts recognized in the core financial system. Technical review of cost is an internal control that ensures accruals are reasonable and appropriately cover all expenses incurred through the period.

2.3.1.5 NASA shall measure and report the full cost of its outputs and outcomes in the general purpose financial reports. Full cost includes resources consumed by each segment for the direct or indirect contribution to output and identified costs of supporting services provided by other reporting entities. This includes the recognition of inter-entity (imputed) costs when appropriate. Full cost is measured in order to determine the total operational costs and total unit cost of outputs.

2.3.1.6 Inter-entity costs involve activities or costs between two or more agencies, departments, or bureaus.

a. Costs Incurred by Other Entities for NASA. In order to comply with the requirement for full-cost reporting, NASA recognizes the full cost of goods or services received from other entities whether or not payment is provided in exchange, in accordance with SFFAS 4 and 30. The performing entity provides NASA with information on the full cost of its services through bills or other documentation. Recognition of inter-entity costs that are not fully reimbursed (non-reimbursed or under-reimbursed) is limited to material items that are significant and able to be directly identified as applicable to NASA. The recognition of non-reimbursed or under-reimbursed cost incurred by others is offset by the recognition of a financing source.

b. Costs incurred by NASA for Other Entities. When applicable, NASA will provide customer agencies with the full cost of NASA services whether or not the costs are to be reimbursed. When applicable, non-reimbursed or under-reimbursed cost incurred by NASA are financed by NASA's direct appropriations.

2.3.1.7 Record cost using funding obligated to purchase the specific goods provided or services performed within the documented period of performance. Cost related to Prompt Payment Act interest is recorded using available funds appropriated to the program that incurred the penalty. The incurrence of cost of an appropriately obligated acquisition may take place during the unexpired and expired phases of the contract's funding within the period of performance documented in the contract. Estimated cost amounts initially recorded during the receipt of goods or the performance of services may be adjusted during the five years of the fund's expired phase. An adjustment of estimated cost values is not recorded against funds in the canceled phase unless it meets the definition of a prior period adjustment recorded due to correction of an error or a change in accounting principle. In a canceled fund, the cost amount is recognized in the future funded expense account. Upon receipt of an applicable invoice the account is reduced by the amount of the invoice or to zero if the invoice is marked final. Disbursements are not permitted using canceled funds; therefore, the invoiced cost is recorded in an unexpired fund with the same purpose as the originally canceled fund to reflect the actual value of cost incurred.

*Note: See NPR 9470.1, Budget Execution, for more guidance on the transactions allowed within specific phases of fund availability.*

2.3.1.8 NASA shall monitor estimated cost accruals for accuracy, whether provided by the contractor or NASA's technical personnel, and, if analysis indicates that the estimates are usually significantly inaccurate, promptly take appropriate corrective actions to ensure that future estimates are reasonably accurate. NASA also monitors indirect cost estimates using provisional billing rates and actual indirect cost reported by contractors. Action is taken to prevent the recognition of indirect cost billed and recorded substantially higher than the actual cost reported.

a. Provisional billing rates provide a method for interim reimbursement of indirect costs at estimated rates subject to adjustment during contract performance and at the time the final indirect cost rates are established. Billing rates and final indirect cost rates are used to reimburse indirect costs on cost-reimbursement contracts and in determining progress payments on fixed-price contracts. Although contractors are required to provide NASA with indirect cost amounts based on both actual and provisional billing rates per NPR 9501.2, NASA recognizes the contractor's actual indirect cost rates in the core financial accounting system. An exception to this occurs only in the case of provisional billing rates required in order to process interim or progress payments. This may occur when costs get recorded using actual rates that are below the provisional rates included on invoices. The Contracting Officer is notified by the Cost Analyst and/or Resource Analyst when provisional billing rates are consistently and/or significantly different from actual billing rates, so that provisional billing rates may be adjusted to prevent substantial overpayment or underpayment of actual cost incurred.

2.3.1.9 Centers shall recognize properly incurred cost regardless of whether the cost exceeds available funding. Unfunded liabilities are recorded in accounts provided for that purpose, and current liabilities not covered by budgetary resources are disclosed. This requirement applies to all types of obligations for goods or services.

2.3.1.10 NASA personnel are responsible for managing all cost, including contract cost. Approval should not be given for contractor performance or the receipt of goods that exceed the cumulative amount obligated on the contract, to guard against a potential Antideficiency Act violation. Refer to NPD 9050.3, Administrative Control of Appropriations and Funds, and NPR 9050.3, The Antideficiency Act, for more guidance. Cost incurred by the contractor that is not allowed, not approved, or above documented ceilings is not proper, and Centers shall not record such cost, even in the situation where the original obligation is within funding limits.

2.3.1.11 Cost entries are allowed for upward adjustments that increase obligations in a properly chargeable account where obligations were previously unrecorded or under recorded. This may occur when, in a subsequent year, the price of goods or services increases and NASA is liable for the increase under a provision in, or within the scope of, the original contract. Upward adjustments that increase obligations to an amount that exceeds available appropriated funds violates the Antideficiency Act. In cases where incurrence of cost exceeds the cumulative obligations on a contract, Center personnel shall immediately:

- a. Determine the nature of the disparity between the contract award and performance amounts.
- b. Contact the Contracting Officer to determine what actions are needed to address the condition. The actions are dependent on contract requirements, contract type, or if the contractor has overrun the contract.

c. Take corrective action to remedy the situation and address the root cause.

*Note: Upward adjustments of original contract funding are not permitted beyond funding ceilings in cost-reimbursement contracts for discretionary cost increases (see Principles of Federal Appropriation Law [Red Book] 5-36).*

2.3.1.12 Centers shall record cost using the funding codes and symbols assigned by Treasury, the Office of Management and Budget (OMB), and NASA representing the appropriation account, general ledger account, work breakdown structure (WBS), or other coding provided for the specified financial or reporting purpose, such as the Treasury Account Symbol (TAS), WBS, Object Class, or other financial coding.

# Chapter 3. Accrued Revenues

## 3.1 Purpose

3.1.1 This chapter sets forth the accounting policy for accrued revenues. Revenues are defined as inflows of resources the Federal Government demands, earns, or receives by donation. Revenue comes from exchange transactions and non-exchange transactions.

3.1.2 Revenues are a source of financing but do not encompass all financing sources. Other financing sources result from the use of appropriated funds, the receipt of transfers, and the recording of imputed financing. Appropriations are used in the course of regular operations when goods and services are received or provided, i.e., when liabilities are established and cost incurred. An intragovernmental transfer of cash or of a capitalized asset without reimbursement changes the resources available to both the receiving entity and the transferring entity. The receiving entity should recognize a transfer-in as an additional financing source in its result of operations. Similarly, imputed financing is the result of receiving the benefit of services from another agency without reimbursing the full cost. Since NASA is required to recognize the cost of the services received but not fully reimbursed, imputed financing sources offset the effect of imputed cost on the net results of operations.

3.1.3 NASA identifies exchange revenue separately from non-exchange revenue and other financing sources in order to report the net cost of operating programs and provide the accounting foundation to report the cost of output measures for performance evaluations. Exchange revenues, non-exchange revenues, and other financing sources are recognized and measured differently under the accrual method of accounting. Exchange revenue is matched with the cost of outputs of goods and services sold to the public to enable NASA to report the cost of not charging the full cost of those goods and services. Non-exchange revenue and other financing sources are not matched with costs because they are not earned in the operations process.

## 3.2 Roles and Responsibilities

NASA is responsible for recognizing and measuring revenues in a manner which provides information to enable calculation of the net cost of programs, support performance evaluation of programs, and expose underpriced programs.

*Note: See Chapter 1, Paragraph 1.2 for specific requirements.*

## 3.3 Agency Requirements

3.3.1 The accrual method of accounting applies to revenue, however classified, exchange or non-exchange. SFFAS 7 requires Federal agencies to recognize revenue when something of value is provided to the public or another government entity at a price or when a legally enforceable claim arises. NASA shall:

- a. Enter all accounting transactions for revenue in the core financial accounting system.
- b. Record revenue within or as close as possible to the period in which it is earned to match revenue



with the cost of goods and services.

- c. Record revenue for the full cost of goods or services provided to the public or other entities in accordance with NPR 9090.1.
- d. Distinguish between exchange and non-exchange revenue. This requirement supports the effort to identify the net cost of programs.
- e. Recorded revenue against the fund, TAS, WBS, Object Class, general ledger account, and other classifications in accordance with NASA, Treasury, and OMB guidelines.

### **3.4 Revenue Recognition, Types, and Sources.**

3.4.1 Revenue from exchange transactions should be the actual price received or receivable under the established pricing arrangement. Non-exchange revenue should be measured by the collecting entities, but should be recognized by the entities legally entitled to the revenue (the recipient entities). Revenue arising from donations should be recognized for those inflows of resources that meet recognition criteria for assets and should be measured at the estimated fair value of the contribution.

3.4.2 Exchange Revenue. Exchange revenue and gains are inflows of resources to NASA that have been earned. They arise from exchange transactions, which occur when each party to the transaction sacrifices value and receives value in return. Revenue from specific types of exchange transactions should be recognized as follows:

- a. Provision of Goods or Services. NASA is reimbursed for the cost of goods and services provided to the public or another agency. Each party receives and sacrifices something of value, so NASA recognizes the revenue as exchange revenue.

- (1) When goods or services are provided to the public or another Federal Government entity (except for specific goods or services produced to order under a reimbursable agreement, contract, or other type of order), revenue should be recognized when the goods or services are provided.

- (2) When specific goods or services are made or produced to order under a reimbursable agreement, contract, or other type of order (either short or long term), revenue should be recognized monthly based on the ratio the costs incurred to date on that order in relation to the total costs estimated to be incurred when the order is completed. If a loss is probable (more likely than not), revenue should continue to be recognized in proportion to the estimated total cost and costs should continue to be recognized when goods and services are acquired to fulfill the contract. Thus, the loss should be recognized in proportion to total cost over the life of the contract.

- (3) When services are rendered continuously over time or the right to use an asset extends continuously over time, revenue should be recognized in proportion to costs incurred or the use of the asset, as appropriate.

- b. Asset Sales. When an asset other than inventory is sold in accordance with NPR 4300. NASA Personal Property Disposal Procedural Requirements, Centers shall recognize any material gain (or loss) when the asset is delivered to the purchaser. This may result in an adjustment to the gain or loss previously recognized if the asset has already been removed from service.

- c. Interest Earned on Treasury Securities Purchased Using Trust Funds and Special Funds. Exchange

revenue may provide the predominant source of some trust and specialty fund balances. In such exceptional cases, the interest should be classified in the same way as the predominant source of funds, i.e., as exchange revenue.

**3.4.3 Non-exchange Revenue.** Non-exchange revenues are inflows of resources the Federal Government demands or receives by donation. Such revenue should be recognized when a specifically identifiable, legally enforceable claim to resources arises, to the extent that collection is probable and the amount is reasonably estimable.

a. Donations may be financial resources, such as cash or securities, or nonfinancial resources, such as land or buildings. NASA may accept only those donations that are allowed under the provisions of 51 U.S.C. § 20113(d). Within NASA, revenue arising from donations should be recognized for those inflows of resources that meet recognition criteria for assets and should be measured at the estimated fair market value of the contribution. Heritage assets, or other stewardship property, plant, and equipment, are expensed if purchased. Donated heritage assets do not result in revenue recognition.

b. Fines and Penalties. Fines and penalties are monetary requirements imposed on those who violate laws or administrative rules. Nothing of value is received or sacrificed in return for the payment. The collection is a custodial transaction if the payment is transferred to the general fund or the agency legally retaining the funds. The funds are recognized as non-exchange revenue for the agency retaining the funds.

**3.4.4 Other Financing Sources.** Other financing sources provide inflows of resources that increase results of operations during the reporting period and include appropriations used, transfers of assets from other Federal Government entities, and financing imputed with respect to any cost subsidies. Financing outflows may result from transfers of NASA's assets to other Federal Government entities. Unexpended appropriations are recognized separately in determining net position but are not financing sources until used.

**3.4.5 Gains.** When a transaction with the public or another Federal Government entity at a price is unusual or nonrecurring, a gain should be recognized rather than revenue so as to differentiate such transactions. Gains result from the sale, exchange, trade, or disposition of Government assets (with the exception of inventory). As a general rule, any difference between the sales proceeds in excess of the book value of the assets is recognized as a gain when the asset is sold. This general rule applies to the sale of PP&E, receivables, investments, and other assets where the selling entity is entitled to retain the proceeds of the sale. In addition, the distinction between revenues and gains is a matter of classification in the general ledger accounts and their presentation in financial statements. Revenues are commonly reported at their gross amount while gains are shown net of related book value.

*Note: See NPR 9250.1 for more guidance related to PP&E and NPR 9690.1 for more guidance related to investments.*

**3.4.6 Price vs. Cost.** Price is the amount charged to provide a good or service to the public or another agency. Cost is the financial value of resources expended to provide a good or service to the public or another agency. When cost exceeds price, the taxpayer provides the balance of resources required to provide the good or service. When price exceeds cost the excess is reported as gains, retained to support business-type activities, or transferred to the general fund for custodial activities.

# Appendix A. Definitions

**Accrual Accounting.** To record the effect on a reporting entity of transactions and other events and circumstances in periods in which those transactions, events, and circumstances occur rather than only in periods in which cash is received or paid by the entity. Accrual accounting is concerned with an entity's acquisition of goods and services and use of them to produce and distribute other goods and services. It recognizes that the buying, producing, selling, distributing, and other operations of an entity during a period, as well as other events that affect entity performance, often do not coincide with cash receipts and payments of the period.

**Actual Cost.** An amount determined on the basis of cost incurred including amounts determined using cost recognition techniques properly adjusted for applicable variance.

**Capitalize.** An accounting method used to delay the recognition of expenses by recording cost as a long-term asset. The depreciation expense is recognized over the asset's estimated useful life. Cost is recorded as a fixed asset (written off as depreciation over several accounting periods) instead of an expense (charged off against earnings in one accounting period).

**Constructive Receipt.** The recognition of the estimated liability and cost of work in process on goods or services performed to NASA specifications prior to their actual receipt or acceptance.

**Cost.** The monetary value of resources used or sacrificed or liabilities incurred to achieve an objective, such as to acquire or produce a good or to perform an activity or service.

**Cost Object.** An activity, output, or item whose cost is to be measured. In a broad sense, a cost object can be an organizational division, a function, task, product, service, or a customer. The cost object is represented in the WBS as the project's task, product, or service. It is the ultimate accumulation of cost in the WBS.

**Depreciation.** A method of allocating the cost of an asset over its useful life in order to reflect a reduction in asset value due to obsolescence or wear and tear.

**Direct Cost.** The cost of resources directly consumed by an activity. Direct costs are assigned to activities by direct tracing of units of resources consumed by individual activities. A cost that is specifically identified with a single cost object.

**Estimated Cost.** The process of projecting a future result in terms of cost, based on information available at the time. Estimated costs, rather than actual costs, are sometimes the basis for credits to work-in-process accounts and debits to finished goods inventory.

**Exchange Revenue.** The inflow of resources to a governmental entity that the entity has earned. They arise from exchange transactions, which occur when each party to the transaction sacrifices value and receives value in return.

**Exchange Transaction.** Transactions that arise when each party to the transaction sacrifices value and receives value in return.

**Expense.** Outflows or other using up of assets or incurrences of liabilities (or a combination of both) during a period from providing goods, rendering services, or carrying out other activities related to an entity's programs and missions, the benefits from which do not extend beyond the present



operating period.

**Full Cost.** The total amount of resources used to produce the output. More specifically, the full cost of an output produced by a responsibility segment is the sum of the costs of resources consumed by the responsibility segment that directly or indirectly contributes to the output and the costs of identifiable supporting services provided by other responsibility segments within the reporting entity and by other reporting entities.

**Imputed Financing.** Financing provided to the reporting entity by another Government entity covering certain costs incurred by the former.

**Imputed Costs.** The unreimbursed (i.e., non-reimbursed and under-reimbursed) portion of the full costs of goods and services received by the entity from a providing entity. Imputed inter-departmental costs occur when the providing entity is not part of the same department or larger reporting entity other than the U.S. Government as a whole. Imputed intra-departmental costs occur when the providing entity is part of the same department or larger reporting entity (i.e., other bureaus, components, or responsibility segments within the department, or larger reporting entity).

**Indirect Cost.** A cost that cannot be identified specifically with or traced to a given cost object in an economically feasible way.

**Minimum Accounting Data Elements (MADE).** Key data elements provided in interagency agreements that collectively support the appropriate accounting of intragovernmental transaction buy/sell business events from initiation through settlement and facilitate reconciliation. MADEs are designed to capture data necessary to facilitate consistent recording, receipt, and acceptance of goods and services; movement of funds between trading partners; an effective reconciliation process; and audit traceability.

**Non-exchange Revenue.** The inflow of resources to the Federal Government upon its demand (includes taxes, duties, fines, and penalties) or received by donation.

**Non-exchange Transaction.** Transactions that arise when one party to a transaction receives value without giving or promising value in return or one party to a transaction gives or promises value without receiving value in return.

**Object Class.** Categories in a classification system that present obligations by the items or services purchased by the Federal Government.

**Other Financing Sources.** Inflows of resources that increase the net position of a reporting entity during the reporting period, but are not revenues or gains. They include appropriations used, transfers of assets from other Government entities, and financing imputed with respect to any cost subsidies. Financing outflows may result from transfers of the reporting entity's assets to other Government entities or from exchange revenues earned by the entity but required to be transferred to the general fund or another Government entity. Unexpended appropriations are recognized separately in determining net position but are not financing sources until used.

**Outcome.** Accomplishments or results that occur (at least partially) because of the service efforts of Government entities. Terms like "impact," "effect," or "results" distinguish the change in outcomes specifically caused by the Government activity from the total change in conditions, which can be caused by many factors. An assessment of results of a program compared to its intended purpose capable of being described in financial, economic, or quantitative terms and providing a plausible basis for concluding that the program has, had, or will have this intended effect.

**Output.** A tabulation, calculation, or recording of activity or effort that can be expressed in a quantitative or qualitative manner. Outputs have two key characteristics: they are systematically or periodically captured through an accounting or management information system and there is a logical connection between the reported measures and the program's purpose.

**Performance Measurement.** A means of evaluating efficiency, effectiveness, and results. A balanced performance measurement scorecard includes financial and nonfinancial measures focusing on quality, cycle time, and cost. Performance measurement should include program accomplishments in terms of outputs (quantity of products or services provided, e.g., how many items efficiently produced?) and outcomes (results of providing outputs, e.g., are outputs effectively meeting intended agency mission objectives?).

**Probable.** Events or situations that can reasonably be expected. What is believed to be more likely than not to occur on the basis of available evidence or logic, which is neither certain nor proven.

**Recognize/Recognition.** To determine amount, timing, classification, and other conditions prior to acceptance and entry of a transaction and express the transactions on the books of account. Recognition is the process of formally recording or incorporating an item into the financial statements of an entity as an asset, liability, revenue, expense, or the like. A recognized item is depicted in both words and numbers, with the amount included in the statement totals. Recognition comprises initial recognition of an item and subsequent changes in or removal of a previously recognized item.

**Revenue.** See Exchange Revenue and Non-exchange Revenue.

**Treasury Account Symbol (TAS).** An identification code assigned by Treasury, in collaboration with OMB and the owner agency, to an individual appropriation, receipt, or other fund account. All financial transactions of the Federal Government are classified by TAS for reporting to Treasury and OMB. It is sometimes confused with the Treasury Appropriation Fund Symbol, used to describe a particular type of TAS; one with budget authority.

**Upward Adjustment.** An increase to prior year obligations for allowable cost when valid obligations are unrecorded or under recorded.

**Work Breakdown Structure (WBS).** A hierarchical categorization of the work to be executed. It shows a subdivision of effort to achieve an objective; for example a program, project, or contract. A WBS element may be a product, data, service, or any combination. It provides the necessary framework for detailed cost estimating and control, along with providing guidance for schedule development and control.

# Appendix B. Acronyms

CMP	Continuous Monitoring Program
DCFO	Deputy Chief Financial Officer
DCFO(F)	Deputy Chief Financial Officer for Finance
FASAB	Federal Accounting Standards Advisory Board
GAO	Government Accountability Office
IGT	Intragovernmental Transactions
MADE	Minimum Accounting Data Element
NF	NASA Form
NFS	NASA Federal Acquisition Regulation (FAR) Supplement
NPD	NASA Policy Directive
NPR	NASA Procedural Requirements
OMB	Office of Management and Budget
SBIR	Small Business Innovation Research
STTR	Small Business Technology Transfer
SFFAS	Statement of Federal Financial Accounting Standards
TAS	Treasury Account Symbol
TDY	Temporary Duty Travel
TFM	Treasury Financial Manual
U.S.C.	United States Code
WBS	Work Breakdown Structure

# Appendix C. Cost Recognition Guidance

C.1 Make every practicable effort to ensure cost accruals are as accurate as possible.

C.2 Personnel Compensation, Personnel Benefits, and Related Payments.

C.3 Gross Compensation. Accrue gross compensation, including overtime, through the end of each month. Use the labor distribution system to distribute actual charges to cost accounts and to credit-accrued funded payroll and leave. If practicable, implement a month-end record cutoff, such as where daily time records are kept and the only additional effort required is an interim cutoff and report. If a record cutoff is not feasible, accrue cost through the end of the month using the most reliable estimating techniques available. Distribute labor cost accruals to the appropriate benefiting project(s) and functions. Accrue merit bonuses and awards in the month in which the Center OCFO is notified of the liability for payment. Accrue the cost of unused annual leave, compensatory time, and credit hours earned monthly, based upon the difference between the monthly leave liabilities for the prior and current fiscal years.

C.4 Benefits. Accrue the cost of benefits, including NASA contributions to Social Security, retirement funds, the Thrift Savings Plan, and group health and life insurance programs in the same manner as gross compensation. Accrue other benefits, such as relocation-related real estate costs and personnel allowances, in the month in which notification of liability for payment is received.

C.5 Reemployed Annuitants and Severance Pay. Accrue the cost of payments to the Office of Personnel Management for reemployed annuitants and severance pay for former employees in the same manner as gross compensation.

C.6 Recruitment and relocation bonuses and retention allowances. Accrue recruitment and relocation bonuses and retention allowances in the month in which the Center OCFO is notified of the requirement for payment.

C.7 Travel and Transportation of Persons.

C.8 The accrual for transportation, per diem, and miscellaneous costs will be estimated for the month travel commences based upon the travel days that fall within the month. Actual cost is recorded when invoices and travel vouchers are paid.

C.9 Travel costs not documented by travel orders, such as contracts for the rental of passenger-carrying vehicles not associated with Temporary Duty Travel TDY travel, will be based upon contractor billings or estimates.

C.10 Accrue permanent change of station travel and transportation costs when incurred.

C.11 Transportation of Things. Accrue costs evidenced by copies of Government Bills of Lading (GBL) issued to carriers when the certified invoice is received, concurrent with the obligation. At the end of the fiscal year, accrue costs not yet documented by a GBL based upon billings received or other reliable notices that transportation has been accomplished.

C.12 Rents, Communications, and Utilities.

C.13 Leases and Rents. Accruals for leases and rents are based upon lease or rental agreements. In the absence of language to the contrary, accrue 1/12 of the total annual rent each month.

C.14 Communications and Utility Service. Accrue cost for communications and utility service based upon billings received. If billings are not available or usage fluctuates significantly, obtain meter readings or estimates of usage and price according to the appropriate schedule of charges.

C.15 Other Contractual Services. Accrue costs of contracted services as of the end of the month during which the services are performed. If invoices covering the services have not been received or approved, the accrual will be estimated, based upon the known level of activity, previous billings, or the estimates of cognizant NASA personnel.

C.16 Supplies and Materials.

C.17 Base accruals upon invoice prices, when available or receiving reports using purchase order prices.

C.18 Accrue direct project or program support purchases for which the end-use classification is predetermined to the appropriate end-use classifications in the month the items are received.

C.19 Accrue stores and standby stock initially against the applicable inventory cost object.

C.20 All invoices supported by receiving reports and all receiving reports will be accrued.

C.21 Grants and Cooperative Agreements. The Grants and Cooperative Agreements are recorded as determined by the Center using methods suggested in Technical Release 12.

C.22 Contracts and Purchase Orders.

C.23 Accruals for Cost-Type Contracts. Under cost-type contracts, the contractor performs in accordance with instructions and specifications prior to delivery and Government acceptance of the product. In such cases, the accrual takes place as the work is performed, since constructive acceptance of the end product occurs during each accounting period as the contractor earns a portion of the contract price. The same concept applies to prime contractor accruals of subcontractor costs.

C.24 Contracts with NASA Contractor Cost Reporting.

a. When submittal is contractually required, contractor cost reports (usually NASA Form (NF) 533M (monthly) and NF 533Q (quarterly) reports) will be the basis for the cost accrual. (See the current versions of NPD 9501.1, "NASA Contractor Financial Management Reporting System," and NPR 9501.2, "NASA Contractor Financial Management Reporting," for detailed information on NF 533M and Q reporting.) The monthly NF 533M report is due ten work days after the close of the contractor's accounting period or as negotiated. All reports are due prior to NASA's month-end closing. NASA Centers should encourage contractors to use the electronic NF 533 submission process.

b. When NF 533 reports are not received in time to permit recording of the contractor's actual costs, base the cost accrual on the contractor's estimate for the current month. Refer to section C.24.d. if there is a concern about the accuracy of the contractor's estimate.

c. Contractors' accounting periods commonly differ from the calendar month basis used for NASA accounting. Monthly cost accruals, however, need not include an estimate for the cost to be incurred during the period from the end of the contractor's accounting period to the end of the month. This estimate should be performed quarterly.

d. If monthly analysis of the accuracy of a contractor's estimates indicates they are usually



significantly inaccurate, promptly take appropriate corrective actions to ensure future estimates are reasonably accurate. (If for a given month there is reason to believe the contractor's estimate will be significantly inaccurate, increase or decrease that estimate to improve the accuracy of the accrual for the month. Explain any such exception adjustments, whether for an individual month or a period of months, to the DCFO(F)'s satisfaction and document the adjustments in the cost reporting system. If the explanation cannot be fully recorded on the Cost Entry Sheet line, the Center OCFO maintains documentation of the complete explanation. The explanation will be reviewed prior to acceptance of the accrual.) If it is necessary to make adjustments to a contractor's estimates for a number of months while corrective actions are implemented to improve the accuracy of the estimates, the effect of such adjustments should be analyzed each month to ensure they are resulting in more accurate accruals. Contractors' actual costs shown on NF 533 reports are not adjusted.

e. Monitoring NF 533 Timeliness, Contractor Estimates and Cost Reporting System Accruals.

(1) Monitor timeliness of receipt of the NF 533 reports and the accuracy of accruals each month. The cost reporting system provides Analysis of Accrued Cost, cost reporting system Timeliness, and Adjustment Explanation Reports to assess the timeliness and accuracy of Center accruals and contractor estimates. Cost reporting system analysts review the Analysis of Accrued Cost Reports each month to assess the accuracy of the accruals and document explanations for consistently excessive variances. Variances shown in the report measure accuracy of the contractor estimates and the effect of any Contractor Cost Reporting Analyst adjustments to those estimates. A monthly review is performed of the Analysis of Accrued Cost Reports for those contracts which account for the majority (at least 85 percent) of the Center's total monthly cost accrued on contracts with contractor cost reports to support the management of the contract. Where consistently excessive variances of +/- 10 percent occur, cost reporting system Administrators request and review explanations of causes and corrective actions taken to improve the accuracy of contractors' accruals. The variances measure the accuracy of contractor estimates and the effect of any cost reporting system analyst adjustments to those estimates. Performance is tracked against established goals and as required in Chapter 6 of the Continuous Monitoring Program (CMP). Center DCFO(F) regularly reviews these metrics, along with data assessing timeliness of NF 533 report submission, with Center CFOs. It is suggested that analysis is shared with (contract management team (contracting officer, contracting officer's representative, resource analyst, etc.))

(2) The DCFO(F) notifies the Contracting Officer when contractors' NF 533 reports are frequently late, not received, or the estimates reported show consistent, significant variances to subsequently reported actuals. Upon notification, the Contracting Officer may pursue corrective action.

(3) NF 533 reports should be structured to facilitate accrual accounting in accordance with NASA's prescribed coding structure, in categories that directly relate to the proper funding appropriations. Reporting structures should also be designed to provide cost data in the program/functional management classifications, by which NASA managers relate in-house activity. The current versions of NPD 9501.1, "NASA Contractor Financial Management Reporting System," and NPR 9501.2, "NASA Contractor Financial Management Reporting," provide requirements and guidance regarding development of NF 533 reporting structures. Where a direct correlation between reporting categories and the prescribed coding structure is not feasible, the cost reporting system provides cost allocation methods for the distribution of cost within reporting categories. The distribution methodology should reflect work being performed by the contractor and ensure matching of costs to the proper funding appropriation. DCFO(F) personnel periodically reviews allocations made to ensure conformance with Agency costing policy and the approved contract methodology.

f. Centers are required to use the cost reporting system to generate entries related to NF 533 contracts within Core Finance for processing NF 533 contracts. The cost reporting system will serve as the basis of record for the accrual of contractor costs to include transactions related to the following:

(1) Termination liability. When reported by a contractor, termination liability represents the contractor's estimate of costs incident to stopping work on the contract in the event of termination. This cost should not be accrued unless it is probable that it will occur within the current reporting period, reasonably estimable, and material; in accordance with NPR 9260.1, Liabilities. Such instances are extremely uncommon.

(2) Discounts. The final contract cost will be reduced by the amount of discounts taken for prompt payment. Discounts taken on contractor invoices are recognized in the accounting system using Standard General Ledger accounts.

(3) Award and Incentive Fees. Accrue fees as earned and reported on NF 533 reports or billed by contractors. In the case of award fees, accrue only the base fee earned each month, and if historical evidence or contract provisions exist to support accrual of an estimated portion of the award fee that portion must also be accrued. Accrue incentive fees when earned in accordance with the incentive fee provisions in the contract. Explain any accrual adjustments for fees in the cost reporting system to provide an audit trail from the NF 533 report to the amount accrued in the accounting system.

#### C.25 Contracts without NF 533 Reporting.

a. NASA recognizes cost using a straight-line calculation, or other cost recognition methods, for contracts without NF 533 contractor cost reporting. When cost is incurred at a steady rate without large fluctuations, the straight-line calculation is used. Centers review the accrued cost recorded using the straight-line calculation prior to year-end closing to confirm that the period of performance has not been revised and to ensure adequate costs have been recorded. If actual cost incurred proves to be volatile with significant differences from the amount of cost recognized, the cost methodology should be changed.

b. Base cost accruals upon the most appropriate, reliable data available, such as recent statements of costs, contractor billings, or other reasonable projections.

#### C.26 Accruals for Fixed-Price Contracts and Purchase Orders.

C.27 Contracts and Purchase Orders Requiring Specific Performance. Base accruals for fixed-price contracts and purchase orders requiring performance in accordance with specific contractual instructions or specifications, as opposed to goods available "off-the-shelf," upon the constructive receipts concept. Technical personnel may provide the percentage of known work completed or the number of work products provided.

C.28 Contracts and Purchase Orders for "Off-the-Shelf" Items. Accruals for fixed-price orders for goods which the contractor has available for sale to others will be made when the Federal Government receives and takes title to the goods, including instances where the contractor delivers the goods to a carrier acting on the Federal Government's behalf. Base accruals on receiving reports, invoices, or similar documents. A percentage of the total contract value may be used for partial deliveries if documentation is not available.

C.29 Purchase Orders with Other Government Agencies. Calculate cost accruals for purchase orders with other Government agencies using the most accurate method considering the type of order.

- a. When appropriate, a straight-line calculation should be used for orders when the delivery of services will occur at a steady rate over a specific period of performance.
  - b. Record the accrual using other cost estimating techniques when none of the preceding methods is appropriate. Cognizant NASA personnel record and confirm accruals each month. Examples of data sources include:
    - (1) Standard Interagency Agreements and Orders (7600A and 7600B), receiving reports, and cost estimates obtained from the Government agency involved.
    - (2) Estimates of construction work in place obtained from the Department of the Army Corps of Engineers or other Government agency. Cost curves may be used to evaluate estimates.
    - (3) Purchase order terms and prior billings when incurred cost estimates cannot be obtained from the performing Government agency.
- C.30 Procurement Purchase Cards. Cost is recorded at the time the bankcard statement is reconciled and posted for disbursement. An accrual will be recorded monthly. The accrual is reversed in the subsequent month (accounting period), after completion of the reporting cycle.
- C.31 Revenue. Accrue revenue in or as close as possible to the month earned.
- C.32 Cost Reports. The Analysis of Accrued Cost section of the cost reporting system's Timeliness, Analysis of Accrued Cost, and Adjustment Explanation Reports do not allow for the input of explanations for variances. Therefore, document and manually track the explanations of variances. Information on cost reporting is also contained in the CMP Monthly Exception Report.



# Appendix D. Procurement Instrument, Description, and Accrual Recognition

The table below provides procurement instruments, descriptions, and guidance on when to record accruals for each procurement instrument.

Description of Procurement Instruments	Accrual Recognition
<p><b><u>Cost Type (Cost-Reimbursement and Incentive)</u></b>            Cost-reimbursement types of contracts provide for payment of allowable incurred costs, to the extent prescribed in the contract.</p> <p>The cost-plus-incentive-fee contract is a cost-reimbursement contract that provides for the initially negotiated fee to be adjusted later by a formula based on the relationship of total allowable costs to total target costs. Appropriate for services or development and test programs.</p> <p>A cost-plus-award-fee contract is a cost-reimbursement contract that provides for a fee consisting of: (1) a base amount fixed at inception of the contract, if applicable and at the discretion of the Contracting Officer, and (2) an award amount that the contractor may earn in whole or in part during performance.</p>	<p><b>Monthly</b> - the constructive receipt as work is performed.</p> <p>Based upon Contractor Financial Management Reports (NF 533), technical personnel providing the value of work performed or the percentage of work completed and/or historical data previously reported. See NPR 9501.2.</p>
<p><b><u>Fixed-Price with Prospective Price Redetermination</u></b>            A fixed-price contract with prospective price redetermination may be used in acquisitions of quantity production or services for which it is possible to negotiate a fair and reasonable firm fixed price for an initial period, but not for subsequent periods of contract performance.</p>	<p><b>Monthly</b> - the constructive receipt as work is performed.</p> <p>Based upon Contractor Financial Management Reports (NF 533), technical personnel providing the value of work performed or the percentage of work completed and/or historical data previously reported. See NPR 9501.2.</p>
<p><b><u>Fixed-Price Incentive Contracts</u></b>            A fixed-price incentive contract is a fixed-price contract that provides for adjusting profit and establishing the final contract price by a formula based on the relationship of final negotiated total cost to total target cost.</p>	<p><b>Monthly</b> - the constructive receipt as work is performed. Based upon Contractor Financial Management Reports (NF 533), technical personnel providing the value of work performed or the percentage of work completed and/or historical data previously reported. See NPR 9501.2.</p>

<p><b><u>Fixed-Price Contracts and Purchase Orders</u></b>  A firm-fixed-price contract provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. May be used to acquire commercial items.</p> <p>A purchase order is an offer by the Federal Government to buy supplies or services, including construction and research and development, upon specified terms and conditions, using simplified acquisition procedures.</p>	<p><b>Monthly</b> - as a straight-line calculation over a specific period per agreements, orders, or contracts.</p> <p><b>Monthly</b> - as goods or services are received.</p> <p><b>Monthly</b> - the constructive receipt as work is performed. Based upon receiving reports, inspection slips, or approved invoices.</p>
<p><b><u>Interagency Agreements</u></b>  An interagency agreement documents the procedure by which an agency needing supplies or services (the requesting agency) obtains them from another agency (the servicing agency).</p>	<p><b>Monthly</b> - as goods or services are received per receiving reports, inspection slips, Minimum Accounting Data Elements (MADE) Forms, approved invoice or other instruments. (MADE forms per TFM 2-4700, Appendix 10, IGT Guide)</p> <p><b>Monthly</b> - as a straight-line calculation over a specific period per agreements, orders, or contracts.</p>
<p><b><u>Government-wide Commercial Purchase Cards</u></b>  Government-wide commercial purchase card is a purchase card, similar in nature to a commercial credit card, issued to authorized agency personnel to use to acquire and to pay for supplies and services.</p>	<p><b>Monthly</b> - as goods or services are received.</p>
<p><b><u>Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Contracts</u></b>  SBIR contracts are designed to foster technological innovation by small businesses with 500 or fewer employees. STTR contracts provide opportunities in Federal innovation research and development that include joint venture opportunities for small business and the Nation's premier nonprofit research institutions. Stable cost patterns are inherent to both programs.</p>	<p><b>Monthly</b> - as a straight-line calculation over a specific period per agreements, orders, or contracts.</p> <p><b>Monthly</b> - the constructive receipt as work is performed.</p> <p>Based upon Contractor Financial Management Reports (NF 533), technical personnel providing the value of work performed or the percentage of work completed and/or historical data previously reported. See NPR 9501.2.</p>

# Appendix E. Reference Documents

E.1 Prompt Payment Act, 31 U.S.C. §§ 3901 through 3907.

E.2 SFFAS 1, Accounting for Selected Assets and Liabilities.

E.3 SFFAS 6, Accounting for Property, Plant, and Equipment.

E.4 Federal Financial Accounting and Auditing Technical Release (Technical Release) 12, Accrual Estimates for Grant Programs.

E.5 Treasury Financial Manual Volume 1, Part 2, Chapter 4700, Appendix 10 (TFM 2-4700), Agency Reporting Requirements for the Financial Report of the United States Government, Appendix 10, Intragovernmental Transaction (IGT) Guide.

E.6 NPR 9010.2, The Continuous Monitoring Program and The Financial Management Operating Procedures.